

SESSION OF 2007

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR HOUSE BILL NO. 2108**

As Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

Sub. for HB 2108, as amended, would give the Insurance Commissioner the authority to adopt rules and regulations to protect services members of the United States Armed Forces from dishonest and predatory lending practices by identifying and declaring certain practices to be false, misleading, deceptive, or unfair. The bill designates KSA 40-2401 through 40-2414 as the Unfair Trade Practice Law and makes the proposed rules and regulations authority part of this law.

The rules and regulations adopted under the provisions of this bill would not apply to federal insurance programs (Servicemembers' Group Life Insurance).

Background

The Senate Committee on Financial Institutions and Insurance amendment clarifies the regulatory authority granted under the bill by excluding the federal Servicemembers' Group Life Insurance Program. The amendment was requested by Prudential, the administrator for this program. The Committee also made technical amendments to conform with the law named by this bill.

The House Committee on Insurance and Financial Institutions recommended the introduction of a substitute bill. The substitute bill would make the rules and regulations

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

authority granted to the Insurance Commissioner part of the Unfair Trade Practice Law and allows that the regulations would declare certain practices to be false and misleading. The original bill would have amended insurance law to allow the Commissioner the authority, through the adoption of rules and regulations, to protect military personnel.

The substitute bill was presented to the House Committee by the Insurance Commissioner.

The original bill was requested by the Insurance Commissioner whose representative indicated that Congress, through its passage of the Military Personnel Financial Services Protection Act (signed into law September 29, 2006), asked states to take primary jurisdiction over complaints of unfair insurance sales practices on military installations. A substitute bill was offered to incorporate new language developed by the Military Sales Working Group of the National Association of Insurance Commissioners (NAIC).

The fiscal note prepared by the Division of the Budget on the original bill indicates that passage of the bill would not have a fiscal effect.